

RCI-15 - Reinvestment Fund

Benefit/Cost of Reducing CO₂e:

Colorado: Medium reduction potential; Low cost

Assessment: Medium Priority. Bin B. 11 out of 22 votes.

GHG emissions reduction potential is modest because public buildings represent a small fraction of total state emissions, but there is value in public sector leadership and these programs help remove financial barriers for energy efficiency projects.

This option recommends the expansion of the public schools revolving loan fund that was established during the 2007 Legislative General Session to cover all public buildings.

A revolving loan fund (RLF) is a funding mechanism that can provide needed capital for energy efficiency projects in the public sector. In Utah's 2007 legislative session, a \$5 million RLF was established for energy efficiency projects implemented by school districts in K-12 schools. There are a number of other such funds around the United States, including funds in California, Idaho, Iowa, Missouri, Nebraska, Ohio, Oregon, and Texas. These funds typically feature below-market interest rates ranging from three to five percent, although zero interest loans also exist. When interest is charged it enables the fund to preserve its capital, thereby providing funding capacity over the long term.

Some states have established RLFs that are available to the public sector in its entirety. The Texas LoanSTAR (Saving Taxes And Resources) program was created in 1989 with \$98.6 million in capital. Between 1989 and 2006, a total of 187 loans worth more than \$234 million were made to state agencies, institutions of higher education, local governments, school districts, and county hospitals. This means the fund has "revolved" 2.3 times since 1989. Most loans are made at a 3% interest rate and must be repaid within 10 years. Cumulative energy savings from these projects now exceeds \$180 million.¹⁹

The SWG recognized this option could have a high potential benefit to municipal government.

¹⁹ Preliminary draft, Utah Energy Efficiency Strategy.